

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

C O N F I D E N T I A L STATE 292761

E.O. 11652: GDS

TAGS: ESTC, YO

SUBJECT: EXCON: U.S./YUGOSLAV MEMORANDUM OF UNDERSTANDING

REF: A) BELGRADE 7446; B) BELGRADE 7137

THE WASHINGTON TEAM HAS REVIEWED THE POINTS COVERED IN
REFTEL A AND COMMENTS AS FOLLOWS:

1. RE THE SUGGESTION THAT THE THIRD SENTENCE OF PARA 6
APPEAR INSTEAD IN PARA 1. ALTHOUGH WE BELIEVE IT MORE
APPROPRIATE TO RETAIN LANGUAGE UNDER PARA 6, WHICH
CONCERNS THE YUGOSLAV CONTROL SYSTEM, WE WOULD NOT DISPUTE
TRANSFER TO PARA 1.

2. RE PARA 2 CONCERNING LACK OF END-USE DATA FOR EXPORTS
TO THE JNA. WE FEEL THAT END-USE DATA SHOULD BE SUPPLIED
FOR SUCH NON-SENSITIVE END-USES AS PAYROLL, INVENTORY
CONTROL, MAINTENANCE RECORDS, ETC. INSTANCES WHERE
THE END-USE MAY BE SENSITIVE, SUCH AS IN THE AREA OF
R&D, SOPHISTICATED WEAPONRY, ETC., WE APPRECIATE JNA
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CONCERNS AND WHEN NECESSARY WOULD USE OUR PREROGATIVE TO

DISCUSS PROPOSED END-USE WITH THE MILITARY LIAISON OFFICER OF THE YUGOSLAV EMBASSY. HOWEVER, FAILURE TO INITIALLY IDENTIFY THE JNA AS END-USER, REPEAT END-USER, ON THE END-USE CERTIFICATE, CAUSES US CONSIDERABLE CONCERN. WE DO NOT VIEW SUCH DISCLOSURE AS SENSITIVE IN ITSELF AND THE LACK OF PRECISE IDENTIFICATION WOULD RESULT IN LICENSING DELAYS. WE URGE THE EMBASSY TO MAINTAIN OUR POSITION AND SECURE GOY AGREEMENT TO CITE, WHERE APPLICABLE, THE JNA AS END-USER ON THE EUC'S.

3. RE PROPOSED CHANGE IN LAST SENTENCE OF PARA 2, WE HAVE NO OBJECTION.

4. RE PARA 3 OF MEMORANDUM REGARDING CUSTOMS DOCUMENTATION. IT IS UNCLEAR TO US WHETHER SOME TYPE OF CUSTOMS DECLARATION IS NORMALLY REQUIRED FOR IMPORTS DESTINED FOR THE JNA. IF IT IS REQUIRED, WE FEEL WE SHOULD MAINTAIN FLEXIBILITY TO REQUEST DOCUMENTATION SPARINGLY. SINCE NOTHING OF A SENSITIVE NATURE WILL BE REVEALED, WE FAIL TO UNDERSTAND RELUCTANCE TO SUPPLY DOCUMENTATION WHEN WE MAY HAVE JUSTIFIABLE REASON TO REQUEST IT. HOWEVER, IF CUSTOMS DOCUMENTATION IS NOT REQUIRED BY THE GOY, WE CAN AGREE WITH THEM ON THIS POINT.

5. RE PARA 4 OF MEMORANDUM: WE AGREE TO DELETION OF DESIGNATION OF ENG. MAJOR STAHKOVIC AND TO SUBSTITUTE NEW GOY WORDING IN SECOND SENTENCE (REFTEL A 6E). POST SHOULD NOTE, HOWEVER, THAT GOY EVIDENTLY DID NOT PROPOSE A CHANGE IN FIRST SENTENCE OF MEMORANDUM PARA 4, WHICH STRIKES US AS BEING INCONSISTENT WITH PROPOSED CHANGES DISCUSSED IN PARA 2 ABOVE.

6. RE PARA 5: WE DO NOT AGREE WITH THE CHANGE FROM "PARTICIPATION OF YUGOSLAV CHAMBER OF ECONOMY OFFICIALS OR INDIVIDUALS DESIGNATED BY THE CHAMBER" TO "RESPONSIBLE OFFICIALS OF THE ECONOMIC CHAMBER". THE ORIGINAL WORDING, WHICH INCLUDED "INDIVIDUALS DESIGNATED BY THE CHAMBER" ALLOWED FLEXIBILITY FOR ASSIGNING A NON-CHAMBER OFFICIAL, E.G. AN INDIVIDUAL CONFIDENTIAL

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FROM THE FIRM IN QUESTION, TO ACCOMPANY THE OFFICER. WE BELIEVE THIS TO BE A MORE PRACTICAL SOLUTION WHEN A PRE- OR POST-LICENSING CHECK IS REQUIRED OUTSIDE OF BELGRADE OR ZAGREB. REQUIRING THE EMBASSY TO DEFER A VISIT UNTIL A RESPONSIBLE CHAMBER OFFICIAL (OR OFFICIALS) IS AVAILABLE PORTENDS LIKELIHOOD OF BUREAUCRATIC DELAY. AS THE EMBASSY IS AWARE FROM PREVIOUS DIVERSION CASES, THE POST-LICENSING CHECK

SHOULD BE PERFORMED AS EXPEDIENTLY AS POSSIBLE
(WE THINK UNDER NORMAL CONDITIONS WITHIN A WEEK OR TWO
AFTER NOTIFYING THE CHAMBER OF OUR REQUEST)
TO MINIMIZE THE RISK OF TRANSFERRING THE EQUIPMENT FROM
ANOTHER SITE (OR COUNTRY) IN ORDER TO HAVE IT AVAILABLE
FOR VIEWING BY THE EMBASSY OFFICER AT THE ORIGINAL END-USE
LOCATION. WE HAVE NO PROBLEM IN CHANGE SUGGESTED FOR
"POINT OF CONTACT."

7. WE AGREE TO INCLUSION OF WORD "LARGE" TO "NUMBER OF
CASES" UNDER PARA 7 OF THE MEMORANDUM.

8. WE DO NOT BELIEVE OUR FOREGOING COMMENTS ON THE
CHANGES SUGGESTED BY THE GOY DEVIATE FROM THE ORIGINAL
INTENT AND PURPOSE OF THE MEMORANDUM OF UNDERSTANDING.
WE CAN APPRECIATE SOME OF THE RATIONALE FOR THE CHANGES
PROPOSED BY THE YUGOSLAVS, BUT ENCOURAGE THE EMBASSY
TO MAINTAIN THE ORIGINALLY AGREED POSITION ON IMPORTANT
POINTS TO THE EXTENT IT IS FEASIBLE TO DO SO.

9. WE AWAIT WITH INTEREST THE REPORT ON THE RESULTS OF
KELIC'S FURTHER DISCUSSIONS WITH THE ARMY, AS INDICATED
IN REFTTEL A, PARA 8. ROBINSON

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